



STATE OF MAINE
DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES
78 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0078

PAUL R. LEPAGE
GOVERNOR

H. SAWIN MILLETT, JR.
COMMISSIONER

December 3, 2012

Honorable Paul R. LePage
Governor
Office of the Governor
1 State House Station
Augusta, ME 04333-0001

RE: Report of the Commissioner of the Department of Administrative and Financial Services
pursuant to 5 MRSA § 1668, Temporary Curtailment of Allotments

Dear Governor LePage,

Pursuant to 5 MRSA § 1668, I am writing to officially report that it appears that anticipated income and other available funds of the State will not be sufficient to meet expenditures authorized by the Legislature for Fiscal Year 2013. The following is a summary of our current assessment of the fiscal situation.

Last month the Consensus Economic Forecasting Committee (CEFC) revised its February economic forecast. The new CEFC forecast calls for a slightly slower economic growth during the forecast period.


The CEFC had extensive discussions during their meeting on how to account for the so-called "fiscal cliff" and what to assume about how and when it will be resolved by Congress. In their November 1st report the CEFC noted that their economic forecast "assumes that there will be a constructive solution reached by the new Congress and President preventing any extensive deterioration of economic conditions." The Revenue Forecasting Committee (RFC) has kept this key assumption in mind in developing its revenue forecast.

The referenced slowing of economic growth and the uncertainty over what the response to the "fiscal cliff" challenge will be have had an effect on Maine's revenues, as evidenced by the weak performance of most General Fund revenue lines over the first four months of the fiscal year. To date, revenues are lagging last April's forecast projections by \$26 million. As noted in last Thursday's RFC report to the Appropriations Committee, General Fund revenues are being reduced by \$35.5 million in FY13 and \$125.2 million in the FY14 / FY15 biennium.

In the interest of attaining budget balance, it is important that we begin to curtail allotments as soon as possible. I am therefore recommending you curtail \$35,452,373 in FY13 General Fund allotments.

In addition to the temporary curtailment of allotments in the General Fund, we will soon propose a more comprehensive package of recommendations for supplemental budget proposals for your consideration. The supplemental budget proposals will adjust some of the individual curtailment items and propose additional measures designed to bring the FY13 budget back into balance.

Sincerely,



H. Sawin Millett, Jr.
Commissioner

cc: Honorable Kevin L. Raye, President of the Senate
Honorable Robert W. Nutting, Speaker of the House
Honorable Jonathan T.E. Courtney, Senate Republican Leader
Honorable Debra D. Plowman, Assistant Senate Republican Leader
Honorable Barry J. Hobbins, Senate Democratic Leader
Honorable Justin L. Alfond, Assistant Senate Democratic Leader
Honorable Philip A. Curtis, House Republican Leader
Honorable Andre E. Cushing III, Assistant House Republican Leader
Honorable Emily A. Cain, House Democratic Leader
Honorable Teresea Hayes, Assistant House Democratic Leader
Honorable Mark W. Eves
Honorable Seth A. Goodall
Honorable Troy D. Jackson
Honorable Michael D. Thibodeau
Honorable Roger J. Katz
Honorable Seth A. Berry
Honorable Jeff M. McCabe
Honorable Kenneth W. Fredette
Honorable Alexander R. Willette